




City of San Diego
CARL DEMAIO
CITY COUNCILMEMBER –DISTRICT 5

MEMORANDUM

DATE: April 14, 2011
TO: Mark Hovey, CEO, SDCERS
FROM: Councilmember Carl DeMaio 
RE: DROP Calendar Year 2010 Data Request

In 2009, shortly after taking office, I requested that the Pension Board reform the interest rates paid to account balances for city employees in the Deferred Retirement Option Plan (DROP) system. I was pleased that the Pension Board responded that year by reducing the interest rate from 7.75% to the 3% range – a move that saves taxpayers hundreds of millions of dollars in the long term.

However, I remain committed to seeking further reforms in the DROP program.

DROP annuity payments push annual pension payouts for many individual retired city employees over \$100,000. As the Compensation Report that my office recently released shows, there were 71% more retired city employees that received \$100,000 or more in pension payouts last year than there were in 2009.

Please provide my office with the following information:

1. The DROP account balances for all employees in DROP as of December 31, 2010
2. The Top 25 account balances for individuals
3. The number of employees with DROP accounts as of December 31, 2010

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4. The cost of interest credited to all DROP accounts in Calendar Year 2010 (if Fiscal Year 2011 information is more readily available, that will suffice)

Should your office have any questions, please do not hesitate to contact Frank Prewoznik on my staff.

Thank you for your prompt attention to this request.